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the regular banks which are capable of mobilizing funds in this way. Thus one important element in the market for bonds is lacking.

Institutional savings obviously cannot be developed within a short period. For the longer run, however, it is important that steps be taken in the next few years to stimulate such savings. Among the steps that the mission would recommend are the following:

1. The government should start paying its government servants, at least those in the upper half of the civil service grades, by check, so as to familiarize them with the use of banks and thus indirectly encourage them to make deposits in banks. Such a measure, though not of great importance, could at least be quickly implemented.

2. The Council of Money and Credit should canvass with the commercial banks the possibility of stimulating the development of savings and time deposits. Among the measures that might be discussed for adoption are (1) the possibility of establishing a greater differential between interest rates on current deposits on the one hand and those on time and savings deposits on the other without necessarily increasing the over-all interest burden of the banks; (2) the possibility of attaching some lottery feature to time and savings deposits (this is done in some countries such as Japan); and (3) the inauguration of a joint government-bank campaign designed to show how deposits in banks for given periods can "grow."

3. The government should look to the gradual introduction of a postal savings system. Such a system might be inaugurated on a trial basis in one of the larger cities. It would necessitate a publicity campaign in which the cooperation of teachers, religious leaders and the Chambers of Commerce, Industry and Agriculture should be enlisted.

4. The government should take various measures to encourage savings through insurance. Among these are (1) the drafting, with expert foreign assistance, of a modern insurance law designed to ensure that investors in life insurance are protected to the maximum extent possible and to lay down some stipulations regarding the portion of assets representing Syrian business that must be invested in Syria; (2) conferences with representatives of insurance companies doing business in Syria and neighboring countries, designed to explore the steps which might be taken to increase the volume of Syrian individual life and group insurance business through such measures as better training of agents and subagents, publicity campaigns, etc.; (3) exploration, with the help of ILO, of the possibility of introducing some forms of social insurance, particularly accident and

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old age insurance, on a modest scale in Syria; and (4) enlisting the support of Moslem religious leaders for insurance in the form of a pronouncement that the taking out of insurance is not contrary to Koranic teachings. Regarding the latter, it should be noted that such a pronouncement was obtained in Egypt quite some time ago. Egypt is one Moslem country where life insurance has slowly developed. There the face value of life insurance policies has increased from £E 30 million, with premium payments of £E 1.25 million, in 1942, to £E 67.7 million, with premium payments of £E 3 million, in 1951.

Since rapid results cannot be expected from measures to foster "institutionalized savings", the question arises whether the government can be expected to find a market for its securities under the conditions to be anticipated over the next six years. We have had occasion to point out that the considerable savings in Syria flow for the most part directly into investments of various kinds without the intermediary of a market, and that tangible investments, particularly in real estate, are generally preferred. At the same time the success of industrial companies in the postwar period and the tendency toward greater dispersion of their shares point to an increasing willingness to invest in securities. Moreover, as we have indicated elsewhere, private investment opportunities may not increase in the future at the same rate as in the past. The provision of additional agricultural credit through such a public institution as the Agricultural Bank may also displace some private funds now devoted to such financing. In theory, therefore, private funds may become available for investment in public securities. It is always possible, of course, that they may go, instead, into hoards or increased consumption. However, there has been a marked tendency in Syria to save and invest, and if savers and investors can be persuaded that government securities offer an attractive return and are safe, they might be expected gradually to venture into public investment.

A rate of return of 6% on government bonds might be attractive, at least to those who have been investing in building, where the return has been comparatively modest and where it might be expected to decline in the future. Lack of confidence in the government, in its determination to repay and in its use of public funds, is no doubt the most important obstacle. Such confidence is likely to be established only gradually. The government may already have contributed somewhat to this confidence in the last two years by stabilizing the value of the Syrian pound in relation to other currencies and by maintaining internal financial equilibrium. Special bond